

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

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May 19, 2022

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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 21-06-021:

This is the proposed decision of Administrative Law Judges Regina DeAngelis and John Larsen. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's June 23, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ S. PAT TSEN for

Anne E. Simon

Chief Administrative Law Judge

AES:li1

Attachment

Decision **PROPOSED DECISION OF ALJs DEANGELIS AND LARSEN**
(Mailed 5/19/2022)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2023. (U39M).

Application 21-06-021

**DECISION GRANTING PACIFIC GAS AND ELECTRIC COMPANY'S
REQUEST FOR A JANUARY 1, 2023 EFFECTIVE DATE OF THE
TEST YEAR 2023 AUTHORIZED REVENUE REQUIREMENT****Summary**

This decision grants Pacific Gas and Electric Company's (PG&E's) unopposed request to make its 2023 test year General Rate Case revenue requirement effective as of January 1, 2023 in the event the Commission adopts a final decision in this proceeding after that date. This decision also grants PG&E's request to allow for the recovery of interest, based on a Federal Reserve three-month commercial paper rate, to the extent necessary to keep PG&E, ratepayers, and shareholders relatively indifferent to the timing of the Commission's final decision regarding the 2023 revenue requirement. Additionally, this decision authorizes PG&E to use its three existing memorandum accounts to track and collect or refund any over-collection or under-collection in rates.

This proceeding remains open.

1. Background

In Application (A.) 21-06-021, Pacific Gas and Electric Company (PG&E) requests approval of its forecast General Rate Case (GRC) revenue requirement for implementation beginning January 1, 2023.¹ This date is consistent with the Rate Case Plan schedule in Decision (D.) 20-01-002. The Assigned Commissioner's Ruling and Scoping Memo, dated October 21, 2021 (Scoping Ruling), as revised on April 22, 2022, adopted a schedule which set the 3rd Quarter of 2023 for a final Commission decision regarding PG&E's 2023 GRC revenue requirement.

On July 16, 2021, PG&E filed a motion seeking, among other things, an order to make its 2023 test year GRC revenue requirement effective as of January 1, 2023 in the event the Commission adopts its final decision after that date.² PG&E states that the Commission granted similar relief in PG&E's 2003, 2007, 2011, 2014, 2017, and 2020 GRCs and that the Commission has a long history of adopting revenue requirement accounting mechanisms for other utilities in similar circumstance as well, including in the last GRCs filed by each of the large California energy utilities.³

No party filed a response in opposition to PG&E's request.

¹ All documents filed related to PG&E's Application are available on the Commission's website at the *Docket Card* for this proceeding, A.21-06-021.

² *Motion Requesting an Order to Make New Revenue Requirements and Associated Ratemaking Mechanisms Effective January 1, 2023* filed July 16, 2021.

³ The most recent Commission decisions on this topic, pertaining to PG&E, include the following: Decision (D.) 02-12-073 at 7; D.06-10-033 at 3-4; D.10-11-018 at 4; and D.13-04-023 at 3-4; D.16-03-009 at 5; D.19-11-004 at 7-8.

On November 5, 2021, PG&E filed a motion clarifying its July 16, 2021 motion, stating:

PG&E did not request “interim rates” to be established in this proceeding. Interim rates typically call for the granting of a temporary increase during the pendency of a proceeding or otherwise, subject to refund if the proceeding decides that such rates were not warranted. This is not what PG&E proposed.

Instead, PG&E requested that the revenue requirement that the Commission approves for 2023 be effective beginning January 1, 2023, regardless when the decision issues. Thus, if the decision issues in late 2023, the decision would include in the calculation of the rate change the amount of the rates that would have been in effect dating back to January 1, 2023.⁴

2. Discussion

The currently adopted schedule in this proceeding calls for the issuance of a Commission decision regarding PG&E’s 2023 GRC revenue requirement after the proposed effective date of January 1, 2023. In view of this likelihood, we conclude that it is reasonable to grant PG&E’s unopposed motion to issue an order finding that January 1, 2023 shall be the effective date for the 2023 GRC revenue requirement adopted by the Commission.

Adopting the relief requested in PG&E’s motion will leave both ratepayers and shareholders relatively indifferent to the precise date that the final decision is adopted. It also will reduce incentives for any party to achieve gains that could be realized through delay in the effective date of the proceeding’s outcome and allow time for parties, the public, and the Commission to review and analyze the record.

⁴ PG&E November 5, 2021 Motion at 4.

PG&E also requests it to be allowed to continue to use the three memorandum accounts authorized for its last GRC to track and subsequently recover any overcollection or under-collection of its final 2023 authorized revenue requirement plus interest. The memorandum accounts are as follows: (1) the General Rate Case Memorandum Account - Gas (GRCMA-G); (2) the General Rate Case Memorandum Account - Electric (GRCMA-E);⁵ and (3) the Gas Transmission and Storage Memorandum Account (GTSMA).⁶

Consistent with the decision in PG&E's 2020 General Rate Case, the Commission finds the request to continue to use three memorandum accounts to be reasonable as it provides transparency on the ratemaking impact of the final decision. Therefore, the Commission grants this request.

PG&E must file a Tier 1 Advice Letter to update its Preliminary Statement to reflect the Commission's authorization to use these three memorandum accounts.

In addition, PG&E requests that the adopted 2023 GRC revenue requirement include a provision for accrued interest, based on a Federal Reserve three-month commercial paper rate,⁷ to the extent necessary to keep PG&E and its ratepayers relatively indifferent to the timing of the Commission's final decision in this proceeding. PG&E's request is reasonable, and we grant it.

The authority provided by the Commission in this decision does not bind the Commission to adopt PG&E's requested revenue requirement or any portion

⁵ D.19-11-004 at 7-8, Ordering Paragraphs 1 and 2.

⁶ D.19-09-025 at 292-293.

⁷ Federal Reserve three-month Commercial Paper Rate – Non-Financing, from the Federal Reserve Statistical Release H.15 or its successor.

<http://www.federalreserve.gov/releases/H15/data.htm>.

thereof. Any adopted revenue requirement can only be authorized by the Commission upon the development of a complete evidentiary record and full and fair consideration of the record by parties and the Commission.

The authority provided by the Commission in this decision also does not diminish the importance of adhering to the adopted schedule in this proceeding to allow for a Commission decision on PG&E's 2023 revenue requirement as soon as practicable.

3. Comments on Proposed Decision

The proposed decision of Administrative Law Judges DeAngelis and Larsen in this matter was mailed to the parties in accordance with Pub. Util. Code § 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed by _____ on _____. Reply comments were filed by _____ on _____.

4. Assignment of Proceeding

John R. D. Reynolds is the assigned Commissioner and Regina DeAngelis and John Larsen are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. In this proceeding, PG&E requests approval of its forecast GRC revenue requirement for implementation beginning January 1, 2023.
2. In view of the currently adopted schedule, the effective date for a Commission decision regarding PG&E's GRC revenue requirement will likely be after January 1, 2023.
3. PG&E's request for the Commission to provide that PG&E's GRC revenue requirement for the 2023 test year ultimately adopted by the Commission be effective January 1, 2023, even if the Commission issues its decision after that date, is unopposed.

4. The Commission historically adopts test year revenue requirement issued after January 1 that include the amount that would have been in effect dating back to January 1 in the calculation of the rate change.

5. PG&E's request is not for interim rates subject to refund.

6. Adopting PG&E's unopposed request leaves ratepayers and shareholders essentially indifferent to the precise date that the final decision is adopted; removes incentives for procedural gaming that might be attempted if gains could be realized through delay; and allows sufficient time for parties, the public, and the Commission to review and analyze the record.

7. The memorandum accounts referred to as the GRCMA-G, GRCMA-E, and GTSMA, allow PG&E to track and recover any over-collection or under-collection plus interest to safeguard both ratepayer and shareholder indifference to the effective date of the Commission's final decision adopting PG&E's authorized revenue requirements in this proceeding.

Conclusions of Law

1. PG&E's July 16, 2021 motion is reasonable and should be granted.

2. The effective date of PG&E's 2023 GRC revenue requirement should be January 1, 2023, even if the Commission decision is adopted after that date.

3. A Commission decision adopting a 2023 test year revenue requirement issued after January 1, 2023 should include in the calculation of the rate change the amount that would have been in effect dating back to January 1, 2023.

4. It is reasonable that PG&E be allowed to use its existing memorandum accounts, GRCMA-G, GRCMA-E, and GTSMA, to track and recover any over-collection or under-collection, plus interest.

5. It is reasonable for PG&E's GRC revenue requirement for the 2023 test year to include a provision for interest based on the Federal Reserve three-month

commercial paper rate, to the extent necessary to keep PG&E and its ratepayers and shareholders indifferent to the precise timing of the final decision regarding the 2023 authorized revenue requirement.

6. The authority granted herein for a January 1, 2023 effective date for the 2023 authorized revenue requirement does not bind the Commission to adopt PG&E's requested GRC revenue requirement or any portion thereof as such a determination can only be made upon development of a complete record, with full and fair consideration of the entire record by the Commission.

7. This proceeding should remain open.

O R D E R

IT IS ORDERED that:

1. The July 16, 2021 motion filed by Pacific Gas and Electric Company is granted to the extent set forth herein.

2. The effective date for Pacific Gas and Electric Company's General Rate Case (GRC) revenue requirement for the 2023 test year is January 1, 2023 even if the Commission adopts the final decision authorizing the 2023 GRC revenue requirement after that date.

3. Pacific Gas and Electric Company (PG&E) is authorized to use its three existing memorandum accounts, the General Rate Case Memorandum Account - Gas, the General Rate Case Memorandum Account - Electric, and the Gas Transmission and the Storage Memorandum Account to track and recover any over-collection or under-collection plus interest in the event the Commission adopts a decision authorizing the 2023 revenue requirement after January 1, 2023.

4. Pacific Gas and Electric Company must file a Tier 1 Advice Letter within 14 days of the effective date of this decision to update its Tariff Preliminary Statement to reflect this decision.

5. Pacific Gas and Electric Company's (PG&E's) 2023 General Rate Case (GRC) revenue requirement shall include accrued interest covering the period starting on January 1, 2023, based on the applicable three-month commercial paper rate published in the Federal Reserve Statistical Release H.15 or its successor, to the extent necessary to keep PG&E, its ratepayers, shareholders, and other affected parties indifferent to the precise timing of the Commission's final decision authorizing the 2023 GRC revenue requirement.

6. Application 21-06-021 remains open.

This order is effective today.

Dated _____, at San Francisco, California.